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Letter dated 4 March 2016 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities addressed to the President of the Security Council

I have the honour to transmit herewith the report of the Analytical Support and Sanctions Monitoring Team pursuant to Security Council resolutions 1526 (2004) and 2253 (2015) concerning Islamic State in Iraq and the Levant (ISIL) (Da'esh), Al-Qaida and the Taliban and associated individuals and entities, entitled "Challenges business entities face in implementing Security Council resolution 2199 (2015)", which was prepared in accordance with recommendation 3 of the impact assessment conducted by the Monitoring Team pursuant to paragraph 30 of Council resolution 2199 (2015).

Pursuant to that recommendation, the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities requested the Monitoring Team to prepare a report identifying specific technical challenges that business entities may face in implementing resolution 2199 (2015), including ensuring that they do not make financial assets or economic resources, including oil, oil products, modular refineries and related material, available to ISIL and Al-Nusrah Front, and ensuring that they comply with paragraph 17 of Security Council resolution 2199 (2015), and do not engage directly or indirectly in the looting and smuggling of items of the cultural heritage from archaeological sites, museums, libraries, archives and other sites in Iraq and the Syrian Arab Republic, which are being used to support ISIL, Al-Nusrah Front or other entities associated with Al-Qaida.

I should be grateful if the present letter and the report of the Monitoring Team could be brought to the attention of the members of the Security Council.

(*Signed*) Gerard **van Bohemen**
Chair
Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities

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Challenges business entities face in implementing Security Council resolution 2199 (2015)

Report of the Analytical Support and Sanctions Monitoring Team pursuant to Security Council resolutions 1526 (2004) and 2253 (2015) concerning Islamic State in Iraq and the Levant (ISIL) (Da'esh), Al-Qaida and the Taliban and associated individuals and entities

Introduction

1. Effective implementation of Security Council sanctions-related resolutions depends on a variety of actors and stakeholders which need to be enabled appropriately and effectively and to act, ideally, in concert. The primary stakeholders in the implementation of sanctions measures are Member States and their respective authorities, and business entities, both national and multinational. On 15 January 2016, the Analytical Support and Sanctions Monitoring Team pursuant to Security Council resolutions 1526 (2004) and 2253 (2015) concerning Islamic State in Iraq and the Levant (ISIL) (Da'esh), Al-Qaida and the Taliban and associated individuals and entities (hereinafter referred to as the Monitoring Team) submitted a range of recommendations pursuant to the request set out in paragraph 95 of Council resolution 2253 (2015) which focused on actions that Member States could take to enhance implementation of the sanctions provisions against Islamic State in Iraq and the Levant (ISIL),[1] as contained in Council resolution 2199 (2015).[2]

2. The present report focuses on the practical implementation of the sanctions measures decided in Security Council resolution 2199 (2015) from the perspective of relevant business entities and on how these stakeholders could be further enabled and encouraged to act in coordination nationally and internationally in order to increase effectiveness.

3. In gathering the information needed in the preparation of this report, the Monitoring Team engaged with Member States, regional and international organizations, international financial institutions, multinational oil and gas companies and related equipment and parts manufacturers and industry associations, antiquities and numismatic (coins) dealers and related international associations, auction houses, museums, archaeologists, academics and relevant non-governmental organizations, both bilaterally and during a range of international conferences and specialized meetings.

4. During the various discussions held by the Monitoring Team, it became clear that currently the main challenge faced by oil and gas companies, the spare parts manufacturing industry and financial institutions in implementing the provisions of Security Council resolution 2199 (2015) concerns the provision of more specific information which would enable their already existing control and compliance systems to target transactions more effectively. While these sectors have developed

[1] Listed as Al-Qaida in Iraq (QDe.115).
[2] S/2016/210.

highly effective compliance systems, they are geared mainly towards States or individuals and entities listed domestically, regionally or by the Council. The implementation of measures against non-state groups that control territory and derive most of their revenues from that territory, particularly groups such as ISIL, currently presents a challenge.

5. The discussions of the Monitoring Team with business entities, associations, market participants and specialists in the antiquities and numismatic market clarified that in addition to more specific informational needs, the currently existing control and compliance systems in this market are not yet geared towards the implementation of measures associated with complex sanctions issues. Preventing an organized attempt to systematically introduce significant quantities of looted antiquities and coins into the legal market is a multifaceted challenge which requires the imposition of stronger and more targeted control mechanisms by market participants. Therefore, additional structural measures may be necessary in order to enable business entities to address the challenges posed by the implementation of the provisions of Security Council resolution 2199 (2015).

I. Illicit trade in oil and oil products

A. Location of oilfields

6. The oil and gas industry and spare-parts providers rely on a clearly delineated geographical "target" area to which they can apply their already existing compliance and due diligence systems. Normally, these systems implement sanctions provisions encompassing the territory of a particular Member State. However, the territory held by ISIL is fluctuating and does not correspond to the borders of any Member State. Consequently, commercial compliance and due diligence systems are experiencing difficulties in targeting transactions that may be related to ISIL but are not caught by standard sanctions filters when they are carried out by individuals or entities not currently listed.

7. Relevant industry participants and associations emphasized that in order to more efficiently screen for transactions that may be undertaken on behalf of ISIL, the industry would benefit from provision of the name and location of the various oilfields and related infrastructure in Iraq and the Syrian Arab Republic that are currently under the control of ISIL. In addition, industry participants highlighted that this information should be updated on a regular basis in order to ensure that fields or infrastructure that may come under the control of ISIL or another listed group in the future can become subject to their compliance procedures in a timely manner.

8. There are two aspects to consider relating to the provision of information concerning the location of oilfields under ISIL control. On the one hand, precise and timely information plays a central role in enabling effective sanctions implementation by business entities. On the other hand, in order to ensure a globally harmonized implementation of sanctions measures, the provision of such information from an international source would be most effective.

9. In order to enable business entities to better structure their compliance processes and use already existing compliance and due diligence systems to inhibit transactions that may inadvertently benefit ISIL, the Security Council Committee

pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities (hereinafter referred to as the Committee) could explore the possibility of publishing and maintaining on its website a list of oilfields and related infrastructure currently under the control of ISIL or any other listed group associated with ISIL or Al-Qaida. This option would ensure a harmonized global process through which such information would be transmitted to Member States and to the relevant industries. The process would nevertheless entail two steps: the provision of the relevant information by Member States and the subsequent agreement and publication of that information by the Committee. A precedent for such a procedure lies in the designation of the locations of airfields under Taliban control pursuant to paragraph 11 of Council resolution 1333 (2000).[3]

10. Alternatively, the Committee could encourage Member States to provide this information on a national basis to the respective oil, gas and spare-parts companies and related industry associations operating within their jurisdictions. This option would allow for greater flexibility and potentially greater speed, as such a process would not require Committee approval of a global list. On the other hand, this option would entail significant risks of unevenness in implementation, as Member States might publish different lists or no lists at all depending on the current status of information concerning the precise locations under ISIL control in Iraq and the Syrian Arab Republic. In addition, variations in the content of the lists of Member States might introduce regional market distortions, as there could potentially be unevenness of implementation of costly compliance procedures, depending on the jurisdiction in which a respective company is incorporated.

B. Equipment and spare parts

11. In addition to geographical information concerning oilfields in ISIL-controlled territory, a second crucial informational need highlighted by business entities and outlined to the Analytical Support and Sanctions Monitoring Team relates to the equipment and spare parts that ISIL may be attempting to obtain in order to maintain the oil, gas and refinery infrastructure under its control. Given the ongoing military efforts to combat the efforts of ISIL to profit from hydrocarbon resources in territory under its control by targeting oilfields, refineries and tanker trucks, and degrade its ability to refine crude oil in an efficient manner, it is crucial that measures be in place to prevent ISIL from obtaining the equipment and spare parts necessary to replace destroyed oilfield infrastructure and refinery equipment.

12. According to information received by the Monitoring Team from Member States and technical specialists, ISIL uses or has used a variety of refining techniques, ranging from rudimentary refining where pits or old oil barrels are utilized to cook crude oil in the production of poor-quality gasoline and diesel, to

[3] The relevant part of the text of paragraph 11 of resolution 1333 (2000) reads:

> *Decides also* that all States are required to deny any aircraft permission to take off from, land in or over-fly their territories if that aircraft has taken off from, or is destined to land at, a place in the territory of Afghanistan designated by the Committee as being under Taliban control.

In order to operationalize the requirement set out in this paragraph, the then Security Council Committee pursuant to resolution (1267) provided a list of airports on its website that were considered to be under Taliban control and updated that list, as appropriate.

more advanced modular refining. However, Member States have indicated to the Monitoring Team that in its effort to refine crude oil, ISIL has been reduced to employing primitive techniques, as modular refineries have been vulnerable to military action.

13. ISIL will nevertheless, continue to also require more specific spare parts to keep its oil infrastructure operational and it is unlikely that the group is able to obtain such equipment within its territory. In order to enable more effective screening by oil and gas equipment companies, information may be necessary concerning the specific hydrocarbon equipment that ISIL might be seeking to acquire. If specific information of this kind could be provided to business entities, they would be able to feed it into their already existing compliance and due diligence systems to ensure enhancement of their compliance and due diligence, including "know your customer" procedures, whenever such spare parts figure in a commercial transaction in the wider region.

14. In order to enable business entities to more effectively use already existing compliance and due diligence systems to inhibit the inadvertent provision of equipment and spare parts for oilfields and refineries under ISIL control, the Committee could communicate with Member States in writing[4] to encourage them to submit to it a list of key pieces of equipment and spare parts for such oilfields and refineries, and subsequently explore possibilities for publishing and maintaining a list of these items on its website.

II. Measures related to denying ISIL access to the international financial system

15. Given the substantial funds that ISIL has generated, it is imperative that its access to the international financial system be effectively denied, especially in view of the proliferation across the globe of ISIL "affiliates" and individuals inspired by the group. In this regard, the Monitoring Team has reached out to the financial sector to ascertain from the perspective of financial institutions what additional actions can be taken to further ensure that ISIL is unable to move funds through the international financial system.

16. The input received by the Monitoring Team from the financial sector relates primarily to two broad categories of information-sharing: (a) information-sharing between the United Nations and/or authorities of Member States and the financial industry and (b) information sharing among the financial institutions themselves. This is in line with the thrust of paragraph 24 of Security Council resolution 2253 (2015).[5] Further measures could be taken to enhance this information-sharing.

[4] Some Member States have already accomplished substantial work on producing such a list.

[5] The text of paragraph 24 of Security Council resolution 2253 (2015) reads:

> *Highlights* the importance of strong relationships with the private sector in countering the financing of terrorism and *calls upon* Member States to engage with financial institutions and share information on terrorist financing (TF) risks to provide greater context for their work in identifying potential TF activity related to ISIL, Al-Qaida, and associated individuals, groups, undertakings and entities, and to promote stronger relationships between governments and the private sector in countering terrorist financing.

A. Information-sharing between the United Nations and/or domestic authorities and the financial industry

17. Similar in their needs to the oil and gas industry, financial institutions and their representatives emphasized to the Monitoring Team that with additional details related to the territory controlled by ISIL, the financial industry would be able to further improve its compliance mechanisms, which in turn could enable its members to screen transactions more effectively. On a very broad level, market participants explained that the strength of their compliance measures could be enhanced if information identifying the geographical coordinates of ISIL-controlled territory and/or the names of towns and villages within that territory could be disseminated. On the other hand, the creation and maintenance of such information could present both Member States and the Committee with a significant challenge. Owing to the fluidity of the military situation on the ground and the potential difficulty of defining at what point a city or village is to be considered no longer under ISIL control, the information compiled runs the risk of being at the same time both too broad and too narrow.

18. However, a more operationally practical approach might entail putting together a specific list of banks, including their branches, operating in ISIL-controlled territories and clear-cut information indicating whether or not those banks continue to be connected to the international financial system. According to information received by the Monitoring Team, there exists confusion regarding this issue among members of the financial industry. Actors in the financial industry have generally reported that greater transparency regarding which banks are operating in ISIL-controlled territory and the types of firewalls introduced by Governments to cut those banks off from participation in the global financial system would be immensely helpful.

19. The Monitoring Team has also learned that financial institutions have experienced difficulty in identifying relevant bank identifier codes (BIC) of ISIL-controlled banks located within Sirte, Libya: the absence of such information could make it difficult to identify relevant payments. If a list of banks within ISIL-controlled territories, including their status, was published by the Committee on its website, it would place all of the relevant financial players on an equal footing and ensure that all business entities had access to this information, including financial institutions with few resources and small compliance departments, thereby generating the potential for improvement of the global implementation of Security Council resolution 2199 (2015).

20. Given the likelihood that ISIL is moving funds through alternative means or attempting to exchange local currency for other currencies, financial services providers other than banks currently existing within ISIL-controlled territory could also be included in such a list.

21. That list, whose creation would require significant input from the Member States in which ISIL operates, need not be limited to information related to ISIL. For example, it could also include information on banks and financial services providers that may be operating in areas under the control of Al-Nusrah Front for the People of the Levant (QDe.137). Alternatively, the Committee could encourage

Member States to provide this information on a national basis to financial institutions and related industry associations operating within their jurisdictions.[6]

22. In general, financial institutions are eager for greater engagement in dialogue, information exchange and cooperation with authorities of Member States. One suggestion cited was a potential dialogue on the subject of the treatment of non-listed banks, entities and individuals located in ISIL-controlled territory. At this point, many banks appear to be adopting a highly cautious approach to the treatment of transactions and/or relationships where there is a risk that the individuals or entities may be located in ISIL-controlled territory. As the subject of identifying the risks related to dealing with non-listed individuals and entities within ISIL-controlled territory is a complex one, additional public-private sector dialogue could be beneficial in this regard.

B. Information-sharing among financial institutions

23. Financial institutions identified obstacles such as privacy laws and the implementation of confidentiality rules related to suspicious transaction reports to the sharing of information both among financial institutions and within a single global financial institution. One example with which the Monitoring Team was provided concerned a branch of a global financial institution operating in a specific jurisdiction which was not allowed to share within the global corporate structure the fact that it had filed a suspicious transaction report in that jurisdiction. These types of impediments create a scenario where each jurisdiction sees only one part of the puzzle, while the full picture is obscured. Furthermore, owing to privacy restrictions, financial institutions located in some jurisdictions are unable to share information with each other for fear of incurring legal liability. One option that market participants outlined to the Monitoring Team was the provision of safe-harbour laws which would allow financial institutions, under certain clearly defined circumstances and without the fear of legal repercussions, to share information with each other pertaining to terrorist financing, as related to ISIL, Al-Qaida and their associates. However, this would require changes to be made to the legal framework

[6] The advantages of a globally harmonized provision of information through the website of the Committee was discussed in sect. I.A above. Some Member States are already working on, or have adopted, similar approaches. However, those efforts focus not only on the geographical location of these entities but also on their activities. For example, the Central Bank of Iraq has published the names of 142 exchange houses that are banned from participating in Central Bank currency auctions. They are located mainly within, but also outside, ISIL-controlled territory in Iraq. The list is available at www.cbi.iq/documents/Announcemen16-12-2015.pdf. On 8 February 2016, the Press Center of the United States Department of the Treasury released a statement that said that the list of ISIL-related exchange houses developed by the Central Bank of Iraq was shared with regional governments. See Press Center, "Remarks by Assistant Secretary for Terrorist Financing Daniel Glaser at Chatham House. Available at www.treasury.gov/press-center/press-releases/Pages/jl0341.aspx.

Another approach, which has been taken by the Government of Afghanistan, promotes the licensing of money service providers and exchange houses that comply with the counter-terrorism financing laws and the publication of the names of those who do not. On its website, the Financial Transactions and Reports Analysis Centre of Afghanistan (FinTRACA) has currently published the names of 58 money service providers and 70 exchange houses whose licences have been revoked in Kabul alone. See www.fintraca.gov.af/MSPsAndMEs/CentralRegion/MEsInKabul.aspx; and http://www.fintraca.gov.af/MSPsAndMEs/CentralRegion/MSPsInKabul.aspx. Similar lists are available for almost all other provinces of Afghanistan.

within which financial institutions operate in some Member States and would therefore demand further exploration.

III. Illicit trade in cultural property

24. While the oil, gas, spare parts and financial services industries have extensive experience with regard to the implementation of targeted sanctions, the art and antiquities market, as explained to the Monitoring Team by market participants and specialists in the antiquities trade, is in general fairly new to the implementation of sanctions. While the most sophisticated market players have compliance structures in place, compliance and due diligence, including know-your-customer procedures, are generally not as well developed in the antiquities and numismatic market as in other industries. Furthermore, some market participants are still sceptical that the looting of antiquities in Iraq and the Syrian Arab Republic generates a significant revenue stream for ISIL.

25. While precise and official data in this area, which have been confirmed by Member States, continue to be rare, satellite-based monitoring as conducted within the framework of several academic projects revealed a marked increase in looting in ISIL-held areas in Iraq and the Syrian Arab Republic in 2014 and 2015. Furthermore, information confirmed by Member States has pointed to the development by ISIL of administrative structures designed to manage looting activities and the existence of receipts related to the "taxing" of antiquities looted in ISIL-controlled territory.[7] Such developments clearly reflect the sustained expectation of profits to be derived through looting and the illicit trade of antiquities. This situation coupled with the fact that compliance structures within this market are less well developed poses a clear risk that the illicit trade in antiquities may develop into a strategic gap in counter-terrorism financing measures. This issue warrants detailed attention and the development of a range of operative sanctions measures designed to counter the threat.

26. All available data provided by market participants and academics demonstrate that as the profit margins for looted antiquities at the first point of sale are potentially small, the trading of significant volumes of antiquities is required if significant funds are to be generated. Therefore, a range of measures aimed at increasing the effectiveness of existing compliance structures and administrative measures devised to inhibit this illicit trade should ideally result in a diminution of the profit margin and a reduction in the commercial viability of looting in Iraq and the Syrian Arab Republic.

A. Inhibiting illicit transport

27. Antiquities market specialists emphasized to the Monitoring Team that the targeting of ongoing looting in Iraq and the Syrian Arab Republic necessitates physical control over the territory in which those activities are carried out. Consequently, until physical control over the territory is again achieved, sanctions measures should target the commerce-driven logic underpinning the looting so as to diminish the profit margins that can be achieved through the illicit sale of looted antiquities.

[7] See document S/2015/739, para. 6.

28. A first set of measures should be aimed at increasing transport costs and the administrative risks incurred by those engaged in illicit trafficking in antiquities. Antiquities market specialists indicated to the Monitoring Team that this could be achieved through administrative changes made to the World Customs Organization Harmonized System Nomenclature and Classification of Goods and the import structures of Member States. In chapter 97 of the World Customs Organization Nomenclature and Classification of Goods, there are two headings under which the category of antiquities is addressed: heading 97.05 relates to collectors' items of archaeological and numismatic interest; heading 97.06 relates to antiques of an age older than 100 years. While a large range of items fall within either of these two broad categories, subcategories are not specified. However, such a broad categorization is not always the rule for the Nomenclature and Classification of Goods; for example, in chapter 15, under subheading 15.01, 11 variants of animal fat are currently classified.[8]

29. Market specialists emphasized in their discussions with the Monitoring Team that further specification of even a few additional subheadings under headings 97.05 and 97.06 would itself represent a major step. For example, additional subheadings could further distinguish antiquities according to age or type (mosaics, for example). Such a measure would ensure that all members of the World Customs Organization were encouraged to amend their national nomenclatures in a harmonized manner, thereby preventing regional market distortions. Further specifications of such items would enable national customs agencies to identify potentially relevant antiquities more easily among imported goods. Those specifications would also enable customs agencies to hold antiquities associated with a false declaration on the basis of misclassification rather than only in those cases where prior credible evidence exists that they were stolen or looted. Holding antiquities associated with a false declaration and therefore open to suspicion on administrative grounds would provide more time for investigations of greater complexity into their origin and ownership history. This would in turn increase the risk on administrative grounds faced by smugglers of ISIL-related antiquities, in all probability without adding to the costs incurred by legitimate market participants.

30. Very few Member States have specialized customs agents trained to detect and conduct investigations focused on stolen and/or looted art and antiquities. Furthermore, such investigations by customs personnel require a significant amount of time and training. Consequently, the number of these specialized customs agents is, according to information available to the Monitoring Team, relatively small, even in the Member States that maintain such units. Market participants therefore suggested that, in order to concentrate available resources, the point of entry for antiquities should be limited to a small number of ports in each Member State, which would allow specialized investigators to focus their work only on those ports. Further, any antiquities imported through other ports could be seized on the grounds of the violation of entry requirements, which would therefore provide time for complex investigations into their origin. While this measure would likely not impose significant new transport costs on market participants, it would increase transport risks for smugglers of illicit antiquities from ISIL-controlled territory.

[8] Available at http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs_nomenclature_2012/~/media/A450E554B4AF4E15AC613D9C5845C410.ashx.

B. Measures directed against illicit trade

31. According to information provided to the Monitoring Team by Member States, business entities and academic specialists, a particular challenge to inhibiting the trade in antiquities that have been removed illegally from Iraq and the Syrian Arab Republic[9] is the issue of their identification. ISIL-related looting concerns mainly Roman, Byzantine and Islamic antiquities. While older antiquities from the pre-Roman period trade for higher prices, their identification presents less of a challenge and they are therefore less likely to be illicitly traded by smugglers. Roman, Byzantine and Islamic antiquities from Iraq and the Syrian Arab Republic are very similar to antiquities dating from the same period in other parts of the wider region. Therefore, distinguishing those antiquities requires highly specialized knowledge, and in some cases, is impossible even when such knowledge exists. This is particularly true for ancient coins dating from this period which, as a medium of value exchange, circulated widely within the region.

32. On the other hand, the identity of a portion of the antiquities under the control of ISIL is already known and has been documented. ISIL systematically robbed museum storage depots and storage depots of former archaeological digs. A significant proportion of the items have been catalogued by the museums concerned and the archaeological expeditions responsible for the digs. Currently, there are several projects under way in Europe and Northern America whose aim is to enable the collection and digitalization of information concerning those items.[10] Merging the various lists and databases and making the final database accessible to vetted and registered antiquities and coin dealers, as well as auction houses, would enable market participants to secure information regarding the identity of objects that are very likely to have been traded by ISIL-related individuals, which would then allow them to vet the antiquities with which they come into contact in the course of their business activities. The United Nations Educational, Scientific and Cultural Organization (UNESCO), which is currently the lead entity in activities related to the fight against illicitly traded antiquities, is mandated, pursuant to paragraph 17 of Security Council resolution 2199 (2015), to assist in the implementation of sanctions measures against ISIL in this regard. Therefore, the Monitoring Team will further explore with UNESCO options for the establishment and maintenance of such a database.

33. In their discussions with the Monitoring Team, entities including associations of antiquities dealers and auction houses have favoured the establishment of such a database as a vetting tool. However, this database by itself would not be sufficient for the purpose, owing to its inability to encompass unregistered and freshly excavated and looted antiquities. Hence, while useful, the establishment of such a database would constitute only a first step towards the provision of helpful guidance to compliance procedures in the market. Regional organizations and antiquities market specialists pointed out to the Monitoring Team that offering the database without additional measures would entail the following risk: unscrupulous market participants might abuse such a database through claims that vetting objects against

[9] See para. 17 of Security Council resolution 2199 (2015).

[10] In addition, the International Criminal Police Organization (INTERPOL) maintains a list of stolen works of art in its Works of Art Database which is accessible to market participants after a process of vetting carried out by INTERPOL. However, this database includes only those objects that are known to have been stolen.

it was sufficient and that the identities of all objects not included in the database were therefore unproblematic.

34. Consequently, in addition to the database, a parallel strengthening of compliance procedures within the market is necessary. The trade in art and antiquities uses "provenance" as its central compliance instrument. In the market, the term is loosely defined as "proof of prior ownership". Currently, however, no internationally accepted standard exists which determines what provenance should entail. Market participants pointed out to the Monitoring Team that provenance could range from a simple affidavit from the seller to multiple certificates of ownership spanning decades. The lack of an international agreement on the minimum standards for establishing provenance is due to the fact that antiquities have been traded for several hundreds of years. It is only fairly recently, mainly as a consequence of the adoption by the General Conference of UNESCO, on 14 November 1970, of the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property, that provenance has become a central market instrument. This being the case, business entities explained to the Monitoring Team that a significant number of legal antiquities have only a weak provenance, meaning at most one or two documents demonstrating prior ownership. This problem is particularly prevalent for the trade in ancient coins, for which provenance documents are rarely produced or archived. Notwithstanding, since the illicit trade of ISIL in looted antiquities is connected to international financing of terrorism, further work on an acceptable international standard for provenance seems necessary.

35. In contrast with the oil and gas and financial services industries, the current trade in antiquities does not utilize stringent compliance systems, including know-your-customer procedures, in addition to provenance checks. As outlined above, provenance may present a challenge even in cases of clearly licit antiquities, in particular for the trade in coins. Therefore, know-your-customer procedures focusing on the seller of antiquities would present an additional hurdle for those engaged in the smuggling of antiquities. Furthermore, maintaining records of sellers of antiquities with dealers and auction houses for a minimum period would enable potential law enforcement investigations to access data on past sales more easily and therefore introduce an additional risk factor for smugglers of illicit antiquities.[11]

36. Furthermore, business entities and associations emphasized to the Monitoring Team that once dubious sellers and/or objects are identified by market participants, no formalized and legally protected mechanism currently exists which allows market participants to share the identity of these sellers and/or objects with one

[11] Article 10 (a) of the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property may be said to offer a first guiding principle for this work. The text of article 10 (a) reads:

> Article 10
>
> The States Parties to this Convention undertake:
>
> (a) To restrict by education, information and vigilance, movement of cultural property illegally removed from any State Party to this Convention and, as appropriate for each country, oblige antique dealers, subject to penal or administrative sanctions, to maintain a register recording the origin of each item of cultural property, names and addresses of the supplier, description and price of each item sold and to inform the purchaser of the cultural property of the export prohibition to which such property may be subject.

another. A similar problem concerning agents of concern in the money services business sector is in the process of being addressed through a trade association database which allows member companies to exchange the relevant sensitive data. A comparable mechanism would pose a significant risk to the commercial activities of smugglers of illicit antiquities.

IV. Conclusion

37. The preparation of this report is intended to serve as a first step in the Monitoring Team's engagement with the private sector, as mandated in annex I to Security Council resolution 2253 (2015). The Monitoring Team will continue its discussions with relevant business entities, and Member States and regional and international organizations, and will develop appropriate recommendations for inclusion in its first comprehensive report, to be submitted to the Committee by 30 June 2016, as mandated in paragraph (a) of annex I to Council resolution 2253 (2015).